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 TO AMEMBASSY BRASILIA PRIORITY
 INFO AMEMBASSY RIO DE JANEIRO

C O N F I D E N T I A L STATE 078550

SUBJ: CHURCH HEARINGS

1. IN TWO-HOUR-AND-FIFTEEN-MINUTE SESSION YESTERDAY AFTERNOON SENATOR CHURCH AND PAT HOLT CONTINUED HEARINGS ON BRAZIL WITH TESTIMONY OF ELLIS PUNCTUATED BY SERIES OF QUESTIONS. LINE OF QUESTIONING INCLUDED (A) SIZE, CONTENT AND TRENDS OF OUR AID PROGRAMS IN BRAZIL, WITH PARTICULAR INTEREST IN COMPARISONS BEFORE AND AFTER '64 REVOLUTION; (B) RELATIONSHIP OF AID LEVELS TO U.S. NATIONAL INTEREST; (C) EXTENT OF POLITICAL CONTENT IN AID DECISIONS, PARTICULARLY DURING GOULART ERA (CHURCH OPPOSES ANY POLITICAL INPUT AND FAVORS MULTILATERALIZATION OF AID); (D) TERMS OF LOANS TO BRAZIL AND RECORD OF REPAYMENT; (E) NEED FOR CONTINUING AID PROGRAM IN LIGHT OF BRAZILIAN ECONOMIC PERFORMANCE; (F) BRAZILIAN GOVERNMENT EFFORTS IN TAXATION, AGRARIAN REFORM, EDUCATION, ETC., TOWARD REDISTRIBUTION OF WEALTH AND OPPORTUNITY; (G) SIZE OF AID STAFF AS RELATED TO AID LEVELS; (H) SIMILARITY OF SECTOR AND PROGRAM LOANS IN THEIR IMPACT ON BRAZIL'S BUDGET AND FOREIGN EXCHANGE POSITION;

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(I) EXTENT OF STATE CONTROL OVER MAJOR BRAZILIAN ENTERPRISES; (J) ATTITUDE OF BRAZILIAN BUSINESS AND GOVERNMENT TOWARD U.S. INVESTMENT; (K) ECONOMIC BENEFITS TO U.S. OF U.S. PRIVATE INVESTMENT ABROAD (WHY SHOULD USG ENCOURAGE IT?); (L) ROLE OF U.S. FIRMS IN BRAZIL'S EXPORT PROMOTION AND IN BRAZIL'S STOCK MARKET; (M) REAL WAGE TRENDS SINCE '64; (N) SIZE AND COMPOSITION OF AIFLD AND RELATED U.S. LABOR PROGRAMS IN BRAZIL.

2. AGAIN, CHURCH AND HOLT RAN SHOW, WITH NO OTHER COMMITTEE MEMBERS PRESENT.

GP-3. IRWIN

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